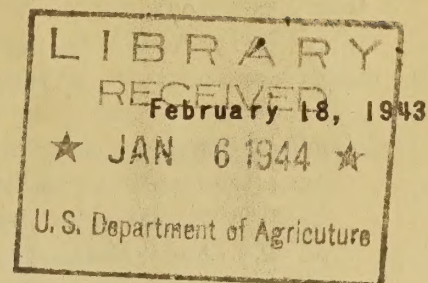


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UNITED STATES DEPARTMENT OF AGRICULTURE
FOOD PRODUCTION ADMINISTRATION
AGRICULTURAL ADJUSTMENT AGENCY

WASHINGTON, D. C.



To State, County and Community Committeemen, Northeast Region

Dear Committeemen:

Justice James F. Byrnes, Director of Economic Stabilization, made a speech of great importance to farmers -- and to the whole country, for that matter -- Tuesday night, February 9.

You will hear a great deal about this speech. It will be attacked by many on a variety of grounds. On the other hand, it will have the quiet but stalwart support of great numbers who place the long-time wellbeing of their country above all else.

The speech tells the official plan for winning the war on the home front -- and for laying the basis for a decent peace after the war.

It tells what the country asks of farmers -- of laborers -- and of business, as their part of the war. It promises no group all that it wants. It makes plain that, by and large, farm prices are not to go much higher -- that wages are not to rise except as the cost of living rises -- and that profits are to be kept low.

It shows that if these things are not done we shall have inflation -- inflation will undermine production, will protract the war with the needless sacrifice of American lives, and will bring disaster with the peace. At the same time, it presents evidence that will, I believe, be convincing to any fair-minded man -- that every effort is being made to see that each group is treated justly.

There are sacrifices for all. No American will deny sacrifice for his country in time of need. Absolute equality of sacrifice is never possible in war. But the speech, in my thinking, outlines one of the most fair and far-sighted attempts at enduring justice to be found on the pages of history.

As a part of that talk Mr. Byrnes gave a clear statement of why our farm program is as it is. I believe every committeeman should study it carefully. It will help us all to understand the importance and the rightness of the attempt that has been confided to us to carry out.

On the following pages are some quotations of the parts of the speech we are most concerned with. I hope that you will study not just these fragments but the whole speech.

Sincerely yours,

A. W. Manchester

A. W. Manchester
Director, Northeast Division

STABILIZATION DIRECTOR BYRNES OUTLINES WAR POLICIES ON THE HOME FRONT

"It will require the fullest mobilization of our manpower and our resources to carry out these war plans for 1943. It will require the wholehearted cooperation of agriculture, labor and industry to carry out these plans with the self-restraint and self-discipline necessary to avoid inflation and to preserve our system of free labor and free enterprise.

A FAIR BALANCE. "Despite the rises in wages and prices which have thus far occurred, we have been able to maintain a fair balance between various producers and workers...Our task is to see that the present balance does not change for the worse and that those on the lower rungs of the economic ladder are not ground down below the margin of subsistence...

"...The American industrial worker and his family today enjoy the highest purchasing power that has ever existed in this or any other country. *If we preserve and protect this purchasing power, it will constitute the basis of an unparalleled prosperity...in the post-war period.*

"Rising prices will, on the other hand, destroy this purchasing power. A frantic race between rising wages and rising prices, far from helping labor, will only ruin and degrade the worker and his family, depriving them of all the gains they have so painfully built up over the years.

"The position of the farmers is equally favorable. *The relation of farm costs to farm income is the most favorable ever attained in our history.* Between 1939 and 1942 total costs of farm production increased by 38 percent; and farm production increased by 20 percent. During the same period farm prices rose on the average by 71 percent. Since 1939 unit farm prices have increased almost as much as five times unit farm costs. As a result of this extremely favorable relationship of costs to prices, the net farm income after all costs in 1942, stood at the highest level in our history, one billion dollars above the peak earned during the inflationary year 1919.

AGRICULTURE'S FUTURE ASSURED. "The Stabilization Act of October 2, 1942, contains the most significant and beneficial legislation enacted for the farmer since the Agricultural Adjustment Act. It proceeds on the principle recommended by the President in his message of September 7, 1942, that there should be 'a floor under prices of farm products, in order to maintain stability in the farm market for a reasonable future time' after the war.

"It provides a guaranty to the farmer of 85 to 90 percent of parity prices on basic crops during the war and for at least two crop years after the first day of January following the formal declaration of the termination of the war. *That is a real effort to protect the farmer against post-war deflation. But the effort will fail if we cannot prevent runaway inflation.*

WE ARE WINNING THE FIGHT AGAINST INFLATION. "Our struggle against rising prices during this war has thus far been successful as compared with World War I. October 1942 was the 38th month of the present war. In those 38 months, wholesale prices have risen 33.3 percent. In the same period during the last war, wholesale prices rose 83.5 percent...

"We must not refuse to face the very real dangers in the present situation and especially the threat of creeping inflation. Between May 1942, when the general price ceilings were imposed, and December 15, 1942, the cost of food rose 9.1 percent but because rents and other items did not increase so much, the cost of living rose only 3.8 percent. With certain foods very scarce and the price of others very high, it is natural that the average housewife should feel that the cost of living has risen even higher than these figures would indicate. But it has risen, and this creeping inflation must not be allowed to continue and to nullify all the progress we have made.

"Higher prices will not help the merchant or farmer, but they will bring hardships and suffering to widows, to old folks with fixed incomes..."

NO WAVERING IN CARRYING OUT CONGRESS' ORDER TO STABILIZE. "We must not retreat in our fight to stabilize the cost of living. The Act of Congress provided that prices, wages and salaries affecting the cost of living should be stabilized and except as otherwise provided in the Act such stabilization should, so far as practicable, be on the basis of levels existing September 15, 1942. We must hold that line. We must adhere firmly to that program. There must be no further increases in wages beyond the Little Steel formula except in limited and special cases to correct patently gross inequities and to rectify plainly substandard wages.

"We must bring under effective control all food prices. We must break up the black markets..."

"To insure the effective and uniform administration of the policies which I have announced, I have requested the National War Labor Board to make no increase in wage rates which will change existing wage policies or which affects directly or indirectly an entire industry or substantial portion thereof without prior consultation with me.

"And I have also requested the Price Administrator not to approve any increase in general price ceilings without first consulting me.

"It is my purpose to exercise all the powers granted by law to prevent any further increase in the basic and essential cost of subsistence living. I am assured by all the agencies of Government concerned that I shall have in this effort their wholehearted cooperation.

INCENTIVE PAYMENTS A NECESSARY PART OF THE PLAN. "Secretary Wickard has recently introduced incentive payments into our farm program as a means of securing increased farm production.

"Although the general relation of total farm costs to farm prices is extremely favorable, the farmer must incur unusually high costs in expanding the output of some crops beyond current peak levels.

"To provide this additional output the farmer must shift from non-essential to essential war crops and must bring less fertile acreage into use. He must expand output in face of inadequate supplies of fertilizers, inadequate replacements of equipment and inadequate manpower.

"Incentive payments will enable us to increase production without increasing prices."

INCENTIVE PAYMENTS ARE SOUND. "Some people have dubbed incentive payments subsidies, thinking thereby to condemn them. I disagree. To me they seem essentially sound economically. *They will increase the production of basic foodstuffs just as they have been used to increase the production of copper and other critical materials. They cannot be said to be unfair.*

WAGE AND PRICE INCREASES BRING ONLY DISASTER. "General and indiscriminate wage and price increases will not solve any of our real problems. They will not give us increased manpower. They will not give us increased production. They are advantageous to the groups that get them only so long as other groups can be kept from getting them. The apparent advantages obtained by the groups benefited will prove short-lived and illusory during the war and will bring retribution even on these groups when the war is over.

"No man hates regimentation more than I do. But I would be less than honest if I told you that the stresses and strains on our civilian economy could be met without... regimentation in our civilian as well as our military life. With the proper spirit and understanding among our people, that regimentation may be largely self-regimentation.

"When we are drafting men and youths into the armed forces at \$600 a year, we cannot let other men and women work where they please, when they please--or allow them or persuade them to jump from one job or business to another because it pays more. No businessman, no farmer and no worker has a right to look upon this war as an opportunity for personal profit.

"We must all serve and I am sure that we want to serve where we are best fitted and most needed... In the future, workers may be guided to employment where they are most urgently needed. In the future, they must not leave essential employment whether in the factory or on the farm without good cause.

WORKERS MUST GO BACK TO FARMS. "Last year many workers upon farms and in dairies went to industrial plants to get higher wages. They were splendid farm workers; they are indifferent mechanics. As we have urged men to volunteer for military service, we should urge these men to return to the farms where they are needed, even if the compensation is less... If some men can be drafted and sent abroad at \$50 per month, every civilian must go where he can render the greatest service.

"WE TOO HAVE WHAT IT TAKES". "We cannot evade the hard and grim realities of the war. We can take pride and even pleasure in simple living--or we can grumble about our deprivations and make ourselves and those about us miserable. As fathers and brothers, wives and sisters of our fighting men let us show that we too have what it takes to win a total war for freedom.

"When many people are bearing great sorrows bravely and silently, there must be no feeling that anybody is trying to profit from the war.

"We are in total war. We are fighting for a common future. For that future we must all make common sacrifices. We must go through and come out of this war strong and confident. We want, and the world needs, a powerful and prosperous America so that we may achieve an enduring peace. We do not want a return to the deflation that followed the last war, when wheat dropped from \$2.16 to \$1.03; when corn fell from \$1.52 to 52 cents... When a large part of our farm lands were foreclosed; when wages fell and returning soldiers tramped the streets hunting for work; when some men went into bankruptcy and some into suicides' graves.

"This time we must hold the line against inflation and deflation. This time we must win the peace for the sake of ourselves and all humanity."